

House Study Bill 720

HOUSE JOINT RESOLUTION _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS RESOLUTION
BY CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

HOUSE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution of
2 the State of Iowa to require approval by vote of the people
3 before certain tax or fee increases take effect.
4 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 6603YC 80
6 sc/sh/8

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1 1 Section 1. The following amendment to the Constitution of
1 2 the State of Iowa is proposed:
1 3 The Constitution of the State of Iowa is amended by adding
1 4 the following new sections to new Article XIII:
1 5 ARTICLE XIII
1 6 PEOPLE'S RIGHT TO VOTE ON TAX OR FEE INCREASES
1 7 PEOPLE'S RIGHT TO VOTE ON TAX OR FEE INCREASES. SECTION 1.
1 8 If all tax and fee increases adopted in a fiscal year would
1 9 produce new annual revenue exceeding one-half of one percent
1 10 of total state general fund revenue received in the preceding
1 11 fiscal year, excluding transfers from other state funds, the
1 12 increases shall be submitted to the electors, starting with
1 13 the largest increase and including increases in descending
1 14 order, except the remaining increases that total one-half of
1 15 one percent or less. All increases of any one tax or fee
1 16 shall together be regarded as one increase. An adopted tax or
1 17 fee increase required by this article to be submitted to the
1 18 electors shall take effect only if submitted to the electors
1 19 at the next state general election and approved by a majority
1 20 of the electors voting thereon.
1 21 APPLICATION. SEC. 2. In this article:
1 22 1. "Local governments" includes all political
1 23 subdivisions.
1 24 2. "Increase" includes, but is not limited to, imposing a
1 25 new tax or fee; raising a rate or amount; repealing, reducing,
1 26 or delaying an exemption, deduction, credit, exclusion,
1 27 reduction, or indexing requirement; or broadening the base or
1 28 scope of a tax or fee in any way.
1 29 3. "Increase" includes legislation that allows or requires
1 30 one or more local governments, with or without approval by
1 31 local electors, to impose or increase any tax on income,
1 32 sales, or property, but excludes legislation in which the only
1 33 subject matter is establishment of the state percentage of
1 34 growth for school foundation aid.
1 35 4. "Increase" of property tax includes legislation that
2 1 has the effect of reducing total state funds transferred to
2 2 all local governments in a fiscal year in comparison with the
2 3 preceding fiscal year, taking into account all legislation
2 4 increasing or reducing such transfers.
2 5 5. "Increase" of property tax includes legislation that
2 6 has the effect of requiring local governments to incur
2 7 aggregate net cost increases of more than one hundred thousand
2 8 dollars in a fiscal year, after deducting increased transfers
2 9 of state funds for the express purpose of offsetting those
2 10 cost increases.
2 11 6. "New annual revenue" means the estimated net increase
2 12 over the fiscal year preceding adoption in total state general
2 13 fund revenue produced by the total of all tax and fee
2 14 increases adopted in a fiscal year, as estimated for the first
2 15 full fiscal year in which all such increases would be fully
2 16 effective, less estimated refunds to be paid in that fiscal
2 17 year as a result of the increases. For purposes of section 4
2 18 of this article, actual amounts shall be used instead of
2 19 estimates, to the extent possible.
2 20 7. "Adopted" or "adoption" means that after 2006, a bill
2 21 has been passed and everything necessary has been done in

2 22 accordance with all requirements of article III, so that the
2 23 bill would become law except for the requirements of this
2 24 article.

2 25 8. This article does not apply to taxes and fees subject
2 26 to article VII, sections 5 and 8.

2 27 EMERGENCY. SEC. 3. A temporary exception to the preceding
2 28 requirements of this article shall be allowed only to this
2 29 extent and only if all these conditions are met: (1) the
2 30 Governor requests the General Assembly to adopt an emergency
2 31 tax increase for only one specified fiscal year; (2) the
2 32 request specifically states the nature of the emergency, the
2 33 expenditures needed to respond to the emergency, and the
2 34 proposed tax increase to pay for the emergency expenditures
2 35 for that year; and (3) a law declaring an emergency and
3 1 providing an emergency tax increase in accordance with the
3 2 Governor's specific request is passed by a vote of two-thirds
3 3 of all the members elected to each branch of the General
3 4 Assembly and is approved by the Governor. Such law shall not
3 5 be passed more than four months prior to the fiscal year to
3 6 which it applies. Such law must be enacted prior to
3 7 obligating any requested emergency expenditures.

3 8 ENFORCEMENT. SEC. 4. Any citizen or taxpayer may, within
3 9 two years after a tax or fee increase is adopted, bring suit
3 10 to enforce compliance with this article. If no such suit is
3 11 filed within the two-year period, the elector approval
3 12 requirement for that tax or fee increase is negated. The
3 13 Supreme Court shall have original jurisdiction of any such
3 14 suit. The Supreme Court shall invalidate any increase which
3 15 should have been, but was not, submitted to the electors as
3 16 required by this article and shall order that the revenue
3 17 collected in violation of this article be refunded or applied
3 18 to reduce future taxes. A citizen or taxpayer who brings suit
3 19 and prevails shall receive from the state the costs of the
3 20 suit, including reasonable attorney fees.

3 21 IMPLEMENTATION. SEC. 5. This article shall be interpreted
3 22 and implemented to achieve its purpose to increase the
3 23 electors' control of taxes and fees. The General Assembly
3 24 shall enact laws to implement this article.

3 25 Sec. 2. REFERRAL AND PUBLICATION. The foregoing proposed
3 26 amendment to the Constitution of the State of Iowa is referred
3 27 to the General Assembly to be chosen at the next general
3 28 election for members of the General Assembly, and the
3 29 Secretary of State is directed to cause it to be published for
3 30 three consecutive months previous to the date of that election
3 31 as provided by law.

3 32 EXPLANATION

3 33 This joint resolution proposes an amendment adding a new
3 34 Article XIII to the Constitution of the State of Iowa, giving
3 35 the people of Iowa the right to vote on certain adopted
4 1 increases of taxes and fees, so that the increases will not
4 2 take effect unless approved by majority vote at a state
4 3 general election.

4 4 The amendment requires that a law or laws increasing any
4 5 taxes or fees that would result in new annual revenue of more
4 6 than one-half of 1 percent of total state general fund revenue
4 7 received in the fiscal year preceding enactment of the law or
4 8 laws must receive voter approval at a state general election.
4 9 The amendment defines "new annual revenue". The amendment
4 10 also defines "increase". This definition includes legislation
4 11 that allows or requires a local government to impose or
4 12 increase any tax on income, sales, or property; legislation
4 13 that has the effect of reducing total state funds transferred
4 14 to all local governments; and legislation that requires local
4 15 governments to incur aggregate net cost increases of more than
4 16 \$100,000 in a fiscal year.

4 17 The amendment allows the general assembly, at the
4 18 governor's request and by two-thirds vote, to increase taxes
4 19 in emergency situations.

4 20 The amendment allows any citizen or taxpayer to bring suit
4 21 to enforce compliance with the voter approval requirement
4 22 within two years of adoption of a tax or fee increase. The
4 23 amendment also provides that the general assembly shall enact
4 24 laws to implement the amendment.

4 25 The resolution, if adopted, will be referred to the next
4 26 general assembly. If the next general assembly adopts the
4 27 resolution, the amendment will be submitted to the voters for
4 28 ratification.

4 29 LSB 6603YC 80

4 30 sc/sh/8.1